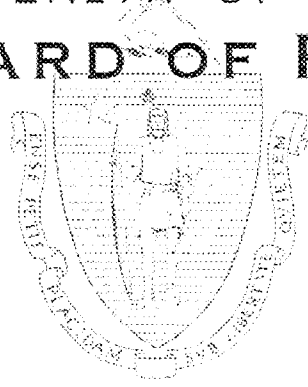


THE COMMONWEALTH OF MASSACHUSETTS  
**STATE BOARD OF RETIREMENT**



Timothy P. Cahill  
Treasurer and Receiver General  
Chairman

Nicola Favorito, Esq.  
Executive Director

December 18, 2008

Kenneth A. Marchurs,  
First Deputy Auditor  
Office of the State Auditor  
One Ashburton Place – Room 1819  
Boston, MA 02108

RE: Impact on Retirement Benefits of Furloughs

Dear Ken:

I am writing on behalf of the State Retirement Board ("Board") in response to your recent letter regarding the above-referenced matter. You had asked for guidance related to the impact of an employee furlough program upon retirement benefits for members of the Massachusetts State Employees' Retirement System. Particularly you note the question of potential lost wages on retirement calculations.

In 2002 the Board through its then Executive Director indicated to the Human Resources Department ("HRD") the following policy:

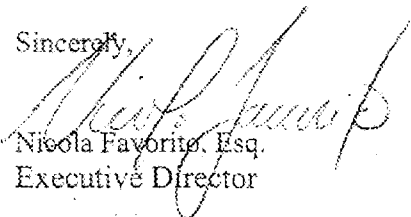
For those employees taking a voluntary or mandatory furlough and intending to retire within the next 36 months, the accrual of creditable service and the 36-month salary average will not be affected by the furlough (so long as the furlough is not greater than 20 work days); and so long as the employee has not been off the payroll 12 months prior to the furlough and 12 months after the furlough period.

The authority for the above can be found at G.L. c.32, §4(1)(c) that authorizes a retirement board to grant an eligible member up to one month of creditable service notwithstanding that a member is on leave and is not receiving regular compensation.

The foregoing Board policy is still applicable. I would note that the Board has not reviewed the policy since 2002.

If you have any questions, please do not hesitate to contact me at one of the telephone numbers listed below. Thank you for your attention.

Sincerely,

  
Nicola Favorito, Esq.  
Executive Director

**Main Office:** One Ashburton Place, Room 1219 Boston, MA 02108 Phone 617-367-7770 1-800-392-6014 (Within Mass) Fax 617-723-1438  
**Regional Office:** 436 Dwight Street, Room 109A Springfield, MA 01103 Phone 413-730-6135 Fax: 413-730-6139

[www.mass.gov/treasury/srb.htm](http://www.mass.gov/treasury/srb.htm)

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